

HON'BLE SRI JUSTSICE C.V.NAGARJUNA REDDY

WRIT PETITION No. 22345 of 2007

27.11 .2007

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Between:

Sri Manikyam Parisudhya Paivarala Sankshema Sangham,
Piduguralla, Guntur District, rep. by its President,
Sri Mallavarapu Chandrasekhar

... Petitioner

AND

The State of Andhra Pradesh,
Rep. by its Principal Secretary to Government,
Municipal Administration and Urban Development Department
Hyderabad & others

... Respondents

Counsel for the petitioner : Sri G.V.L.Murthy

Counsel for respondents No.2 and 3 : Sri S. Nageswara Reddy

ORDER:

Heard learned counsel for both parties. With their consent, the writ petition itself is being disposed of at interlocutory stage.

This writ petition is filed for a writ of mandamus to declare proceedings dated 29.09.2007 issued by respondent No.2, whereby it cancelled the contract dated 10.05.2007 entrusted to the petitioner, as illegal and arbitrary.

A perusal of the impugned proceedings shows that the contract which was entrusted to the petitioner for carrying out sanitation work in Piduguralla Nagar Panchayat area was cancelled on the ground that it was not maintaining ESI and PF accounts, even though the Nagar Panchayat is paying contract wages to it regularly and that it is also not

paying the wages as per the Minimum Wages Act, 1948. It is further revealed from the impugned order that the Nagar Panchayat of Piduguralla, in its resolution dated 29.09.2007, cancelled the contract entrusted to the petitioner.

In the counter-affidavit filed by the Commissioner of Piduguralla Nagar Panchayat, several allegations are made against the petitioner.

At the hearing, it is not disputed by the learned Standing Counsel for Piduguralla Nagar Panchayat that before cancelling the contract, which was due to expire on 18.05.2008, no notice or opportunity has been given to the petitioner. It is legally well-settled that even in dealing with its citizens by the State or its officers under a contract, they are subject to all the constitutional and administrative limitations as they are, while acting in other spheres (see **ABL International Ltd. v. Export Credit Guarantee Corpn. of India Ltd.**^[1] and **Reliance Energy Limited and another v. Maharashtra State Road Development Corporation Limited**^[2]).

In view of the admitted fact that respondent Nos. 2 and 3 failed to give any notice to the petitioner before cancellation of the contract, proceedings dated 29.09.2007 impugned in this writ petition are quashed. Liberty is given to respondent Nos. 2 and 3 to initiate fresh action after giving opportunity to the petitioner.

Subject to the above, the writ petition is disposed of.

As a sequel to disposal of the writ petition, W.P.M.P.No. 28978 of 2007 filed by the petitioner for interim relief is disposed of as infructuous.

C.V.NAGARJUNA REDDY, J

27.11.2007

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[\[1\]](#) (2004) 3 SCC 553

[\[2\]](#) (2007) 8 SCC 1